

Uganda

## Public Private Partnerships Act, 2015

Act 13 of 2015

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## Uganda

# Public Private Partnerships Act, 2015

## Act 13 of 2015

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**Assented to on 5 August 2015**

**Commenced on 1 October 2015 by Public Private Partnerships Act, 2015 (Commencement) Instrument, 2015**

*[This is the version of this document from 16 September 2015.]*

**An Act to provide for public private partnership agreements; to establish a Public Private Partnership Committee and a Public Private Partnership Unit; to establish a Project Development Facilitation Fund; to provide for the functions of contracting authorities; accounting officers; project officers; project teams and evaluation committees; to provide for the role of the private party in a public private partnership; to provide for the management of public private partnerships; to provide for project inception and feasibility studies for public private partnerships; to provide for the procurement of public private partnerships; to provide for the disqualification of bidders and the evaluation of public private partnership bids; to provide for public private partnership agreements and the monitoring of projects; to provide for the bidding methods; procurement procedures and types of public private partnership agreements and for related matters.**

BE IT ENACTED by Parliament as follows:

### Part I – Preliminary

#### 1. Commencement

This Act shall come into force on a date appointed by the Minister by statutory instrument.

#### 2. Application of Act

- (1) This Act shall apply to all public private partnerships and in particular shall apply to the design, construction, maintenance and operation of infrastructure or services provided under the following projects—
- (a) road, rail, subway, water, and air transport facilities, including harbor and port facilities, airports and airports facilities;
  - (b) information and computer technology, telecommunication, and telecommunication networks;
  - (c) social infrastructure, including health care facilities, correctional facilities, education facilities, accommodation facilities, public housing and court facilities;
  - (d) water management facilities, including dams and water storages, water supply and distribution systems, irrigation and drainage systems and sanitation, sewerage, and waste management systems;
  - (e) oil pipelines, gas pipelines and gas storage, refinery, conveyance, and distribution facilities;
  - (f) energy-related facilities and other facilities for the generation, preservation, transmission, and distribution of electricity;
  - (g) sports and recreational facilities, sports grounds and space for sports and recreation, including facilities for recreational, sports and cultural activities;

- (h) tourist infrastructure facilities;
  - (i) extraction and processing of mineral raw materials;
  - (j) agricultural processing industries, or
  - (k) any other project as the Minister may, by statutory instrument, approve.
- (2) A project specified in subsection (1) qualifies for implementation under this Act where it fulfills the objectives of the National Development Plan.

### 3. Principles to govern the implementation of public private partnerships

The implementation of a public private partnership shall be governed by the following principles—

- (a) ensuring value for money, by optimal allocation of risks to private parties and maximization of the benefits to be obtained from expertise and financing by private parties;
- (b) protection and respect of the rights and interests of users of the infrastructure or services offered under a project;
- (c) ensuring that the procurement of a public private partnership does not restrict competition among the bidders and that it is conducted on equal terms and uses objective criteria;
- (d) ensuring that all bid notices are advertised as prescribed and that the bidders have access to the same information;
- (e) accountability of the contracting authority to the users of the infrastructure or service to be offered under a project;
- (f) promotion of the participation of Ugandans as private parties in public private partnerships;
- (g) ensuring that the terms and conditions of service of the employees affected by a project are in accordance with the relevant laws;
- (h) protection of the intellectual property of bidders at all stages of a project;
- (i) stimulating growth and development through harnessing private sector innovation and efficiency;
- (j) providing policy stability in order to reduce private sector uncertainty on investment returns; and
- (k) developing institutional capacities for technical analysis, negotiation, monitoring, and management of public private partnership contracts.

### 4. Interpretation

In this Act, unless the context otherwise requires—

**"accounting officer"** means a person designated as such under law, to perform the functions of accounting officer of a contracting authority;

**"agreement"** means the public-private partnership agreement entered into in accordance with this Act;

**"committee"** means the Public Private Partnerships Committee established under [section 5](#);

**"contracting authority"** means a Ministry, department of Government or any other body established by Government and mandated to carry out a public function;

**"Fund"** means the Project Development Facilitation Fund established under [section 29](#);

**"Minister"** means the Minister responsible for finance;

**"Ministry"** means the Ministry responsible for finance;

**"private party"** means the private party provided for under [section 20](#);

**"process auditor"** means a person appointed as such by the Accountant General;

**"project"** means a public private partnership;

**"project team"** means a public private partnership project team established by a contracting authority under [section 15](#);

**"public-private partnership"** means a commercial transaction between a contracting authority and a private party where the private party performs a function of the contracting authority on behalf of the contracting authority, for a specified period; and

- (a) acquires the use of the property, equipment, or other resource of the contracting authority for the purposes of executing the agreement;
- (b) assumes substantial financial, technical, and operational risks in connection with the performance of the function or use of the property; or
- (c) receives a benefit for performing the function through payment by the contracting authority or charges or fees collected by the private party from the users of the infrastructure or service, or both;

**"public private partnership agreement"** means a written contract recording the terms of a public private partnership concluded between a contracting authority and a private party;

**"special purpose company"** means a company incorporated under the laws of Uganda to implement a specific public private partnership;

**"transaction advisor"** means a person appointed in writing by a contracting authority who has the appropriate skill and experience to assist and advise the contracting authority or the Unit on matters related to a public private partnership, including the preparation, accession, and conclusion of a project agreement and the financial close;

**"Unit"** means the Public Private Partnerships Unit established under [section 10](#);

**"value for money"** means the optimal benefit of a public private partnership to a contracting authority, defined in terms of the cost, quality and quantity of the project and the risk transferred to the private party.

## Part II – Management of public private partnerships

### Contracting authority

#### 5. Establishment of the Public Private Partnerships Committee

- (1) There is established a Committee to be known as the Public Private Partnerships Committee which shall consist of—
  - (a) the Attorney General or a person appointed by him or her in writing;
  - (b) the Permanent Secretary of the Ministry responsible for finance or his or her representative, who shall be the chairperson of the Committee;
  - (c) the Permanent Secretary of the office of the Prime Minister or his or her representative;
  - (d) a representative of the National Planning Authority;
  - (e) the Permanent Secretary of the Ministry responsible for lands or his or her representative;
  - (f) the Permanent Secretary of the Ministry responsible for local governments or his or her representative;
  - (g) four persons, who shall not be public officers; and

- (h) a Director appointed under [section 10](#) who shall be the secretary to the Committee.
- (2) The persons under subsection (1)(g) shall—
  - (a) consist of—
    - (i) a representative of the Private Sector Foundation;
    - (ii) a representative of the Uganda Investment Authority;
    - (iii) a representative of the academia; and
    - (iv) a retired judge;
  - (b) be appointed by the Minister who shall ensure that at least one-third of the persons are of either gender; or
  - (c) hold office for a term of five years renewable for only one further term.

## 6. Terms and conditions of service

The members of the Committee shall hold office on such terms and conditions as the Minister shall, in consultation with the Public Service Commission, determine.

## 7. Functions of the Committee

The functions of the Committee are to—

- (a) ensure that each project agreement is consistent with the provisions of this Act;
- (b) formulate policy on public private partnerships;
- (c) ensure that all projects are consistent with the national priorities specified in the Public Private Partnerships Policy Framework;
- (d) approve project proposals submitted to it by a contracting authority;
- (e) authorize allocations from the Fund;
- (f) formulate standards, guidelines and procedures for awarding contracts and bid documents;
- (g) examine and approve feasibility studies conducted by a contracting authority under this Act;
- (h) review the legal, institutional, and regulatory framework of public private partnerships;
- (i) approve the organisational structure of the Unit;
- (j) oversee the monitoring and evaluation by contracting authorities, of a public private partnership from commencement to post completion stage;
- (k) ensure approval of, and fiscal accountability in the management of, financial and any other form of support granted by the Government in the implementation of projects under this Act;
- (l) ensure the efficient implementation of any project entered into by contracting authorities; and
- (m) perform any other function as may be conferred on it by this Act.

## 8. Powers of the Committee

- (1) The Committee shall have all the powers necessary for the proper discharge of its functions under this Act and specifically—
  - (a) oversee the implementation of policies formulated under [section 7\(b\)](#);



- (b) require any information from any party to a project on any matter relating to a public private partnership;
  - (c) take custody of a project agreement made under this Act; and
  - (d) monitor compliance with the terms and conditions of the public private partnership agreement.
- (2) The meetings of the Committee shall be conducted in accordance with regulations made under this Act.
- (3) The Committee may in writing, delegate to any subcommittee established under [section 9](#) or to any member, officer, employee or agent of the Committee, the exercise of any of the powers or the performance of any of the functions of the Committee under this Act.

## **9. Subcommittees of the Committee**

- (1) The Committee may establish such sub-committees as it may consider necessary for the better performance of its functions and the exercise of its powers under this Act.
- (2) The Committee may co-opt into the membership of a subcommittee established under subsection (1), persons whose knowledge and skills are necessary for the performance of the functions of the sub-committee.

## **10. Establishment of the Public Private Partnerships Unit**

- (1) There is established, within the Ministry responsible for finance, a Unit to be known as the Public Private Partnerships Unit.
- (2) The Public Private Partnerships Unit shall consist of—
  - (a) a director; and
  - (b) such staff as the Permanent Secretary of the Ministry may, in consultation with the Director, consider necessary for the performance of the functions of the Unit.
- (3) The Director and staff of the Unit shall be competitively recruited and appointed on such terms and conditions as the Minister shall, in consultation with the Ministry responsible for Public Service, determine.

## **11. Functions of the Unit**

- (1) The functions of the Unit are to—
  - (a) serve as the secretariat and technical arm of the Committee; and
  - (b) provide technical, financial, and legal expertise to the Committee and a project team established under this Act.
- (2) In the performance of its functions under subsection (1), the Unit shall—
  - (a) serve as a resource center on matters relating to public private partnerships;
  - (b) conduct civic education to promote the awareness and understanding of the public private partnerships process amongst stakeholders;
  - (c) provide capacity building to, and advise contracting authorities or other parties involved in the planning, coordinating, undertaking or monitoring of projects under this Act;
  - (d) rate, compile and maintain an inventory of prospective public private partnership projects that are highly rated, and which are likely to attract private sector investment;

- (e) develop an open, transparent, efficient, and equitable process for managing the identification, screening, prioritization, development, procurement, implementation, and monitoring of projects, and ensure that the process is applied consistently to all projects;
  - (f) conduct research and gap analysis to ensure continuous improvement in the implementation of public private partnerships;
  - (g) collate, analyse and disseminate information including data on the contingent liabilities of the Government in relation to a project;
  - (h) make recommendations to the Committee for consideration;
  - (i) assist contracting authorities, where the Unit considers it necessary, to design, identify, select, prioritize, appraise, evaluate, and negotiate projects;
  - (j) maintain a record of all project documentation;
  - (k) review and assess requests for Government support in relation to a project and advise the Committee on the support that should be accorded in relation to the project;
  - (l) assist the Committee in formulating guidelines and standard documentation required under this Act;
  - (m) liaise with, and assist the contracting authorities in their roles in the various stages of a project cycle;
  - (n) ensure that the procurement process relating to a project conforms to this Act and to procurement best practices;
  - (o) put in place measures to eliminate the constraints that limit the realisation of benefits expected from a public private partnership;
  - (p) monitor contingent liabilities and accounting and budgetary issues related to public private partnerships with the relevant offices within the Ministry; and
  - (q) carry out such other functions as may be conferred on it by the Committee under this Act.
- (4) The Unit shall prepare financial accounts and an inventory of any monies allocated to it, any financial support received by it and any fees received by it from a private party or project company as the case may be, under this Act.

*[Please note: numbering as in original.]*

- (5) The Permanent Secretary of the Ministry shall make rules for the administrative and financial framework of the Unit as well the relationship of the Unit with other departments in the Ministry.

## 12. Contracting authority

- (1) A contracting authority shall identify, appraise, develop, procure and monitor a public private partnership in accordance with this Act.
- (2) A contracting authority may participate in the financing of a project by—
  - (a) making a monetary contribution to the capital of the project;
  - (b) concessioning the use of an asset of the contracting authority or of Government, partially or in whole; or
  - (c) assigning a right to operate and exploit an asset of the contracting authority or of Government, for the duration of an agreement.
- (3) For the avoidance of doubt, Government or a contracting authority shall not borrow, guarantee, or raise a loan for a public private partnership, except as authorized by Article 159 of the Constitution.

- (4) A contracting authority may participate in the implementation of a project, and where a contracting authority participates, the form of participation shall be clearly defined in the invitation to tender.

### **13. Functions of accounting officer**

- (1) The functions of the accounting officer are—
  - (a) to solicit for a private party for a project;
  - (b) to appoint the project team and any other person required for the implementation of a project;
  - (c) to protect against forfeiture, theft, loss, wastage or misuse, any property of the contracting authority or Government, placed under the control of a private party;
  - (d) to sign an agreement on behalf of the contracting authority, with the private party, in accordance with this Act; and
  - (e) to take custody of a project agreement made under this Act and monitor compliance with the terms and conditions of the agreement.
- (2) An accounting officer shall not enter into an agreement that in any way binds the contracting authority to a future financial commitment or which results in a contingent liability, except where the future financial commitment or contingent liability is authorized by Parliament in the budget of the contracting authority.
- (3) An accounting officer shall be personally responsible for the effective and efficient execution of the agreement.
- (4) An accounting officer who signs an agreement contrary to this Act commits an offence and is, on conviction liable to a fine not exceeding five hundred currency points or imprisonment not exceeding two years and ten months or both.

### **14. Functions of project officer**

- (1) There shall be for each project, a project officer who shall—
  - (a) manage the procurement and implementation of a project;
  - (b) monitor the performance of the private party in the management and execution of a project; and
  - (c) perform any other functions as may be assigned by the accounting officer.
- (2) A project officer shall be under the direct supervision of the accounting officer.

### **15. Establishment of public private partnership project teams**

- (1) A contracting authority that intends to enter into a public private partnership arrangement with a private party shall establish a public private partnership project team.
- (2) A project team established under subsection (1) shall be headed by the project officer and shall be composed of officials with the required technical skills appointed from the staff of the contracting authority, as the contracting authority shall, in consultation with the Unit, consider necessary for the performance of its functions in relation to a project under this Act.
- (3) Where, due to the technical requirements of a public private partnerships, a contracting authority does not have the appropriate officials to be appointed as project officer, process auditor or transaction advisor, the contracting authority shall, under the Public Procurement and Disposal of Public Assets Act, procure a person with the appropriate skills and experience from outside the contracting authority, to act as such.

## 16. Functions of a project team

- (1) A project team shall, on behalf of the contracting authority—
  - (a) identify, screen, and prioritize projects based on guidelines issued by the Committee;
  - (b) prepare and appraise each project agreement to ensure its legal, regulatory, social, economic, and commercial viability;
  - (c) ensure that the parties to a project agreement comply with the provisions of this Act;
  - (d) undertake the procurement process in accordance with this Act and where applicable, the Public Procurement and Disposal of Public Assets Act;
  - (e) monitor the implementation of a project agreement entered into with the contracting authority;
  - (f) liaise with all key stakeholders during the project cycle;
  - (g) oversee the management of a project in accordance with the project agreement entered into by the contracting authority;
  - (h) submit to the Unit, annual or such other reports on the project;
  - (i) maintain a record of all documentation and agreements entered into by the contracting authority relating to a project under this Act;
  - (j) prepare projects in accordance with guidelines issued by the Committee;
  - (k) where the project agreement involves a transfer of assets, ensure that the transfer of assets at the expiry or early termination of a project agreement is consistent with the terms and conditions of the project agreement; and
  - (l) carry out such other functions as may be assigned to it by the contracting authority.
- (2) In performing its functions under subsection (1), a project team shall report to the Committee and shall—
  - (a) implement the recommendations and guidelines issued by the Committee; and
  - (b) submit such information as shall be required by the Committee.

## 17. Functions of process auditor

- (1) Each project shall have a process auditor.
- (2) The process auditor shall ensure that the contracting authority complies with the requirements for implementing public private partnerships as provided in this Act.
- (3) Before an agreement is signed, the process auditor shall prepare a report to the Accounting Officer indicating whether or not the contracting authority has complied with the requirements for this Act.
- (4) Where the requirements of this Act have not been complied with, the accounting officer shall prior to forwarding the agreement to Cabinet for approval, address all the issues raised by the process auditor.

## 18. Functions of the transaction advisor

The functions of the Transaction Advisor are to—

- (a) undertake a comprehensive feasibility study for a project including the commercial, financial, and legislative work required for a public private partnerships agreement;

- (b) ensure optimum risk allocation in a public private partnership agreement;
- (c) design and negotiate a public private partnerships agreement that guarantees long lasting social benefits; and
- (d) safeguard the interests of a contracting authority in the management and execution of a project; and
- (e) any other function as may be determined in his or her instrument of appointment.

## 19. Evaluation committee

- (1) An accounting officer shall for each project, appoint an evaluation committee.
- (2) An evaluation committee shall be composed of officials with the technical skills required for the evaluation of a bid, appointed from the staff of the contracting authority, and may include any other person appointed from outside the contracting authority.
- (3) An evaluation committee shall evaluate the bids submitted under this Act, as may be prescribed by regulations made under this Act.

## Private party

## 20. The private party

- (1) The private party in a public private partnership shall be a special purpose company incorporated under the laws of Uganda, to implement a specific public private partnership.
- (2) Any transfer of shares, increase in share capital or changes in the corporate status of a special purpose company shall be with the written approval of the Minister and the Minister responsible for the contracting authority.
- (3) Notwithstanding [section 12](#) (2), the private party shall bear all the responsibility and risks of the financing required for the proper performance of the obligations of the private party under an agreement.
- (4) The private party shall furnish the Accounting Officer with evidence of technical and financial capacity to perform the obligations to be undertaken by the private party under the project.
- (5) The evidence of financial capacity shall indicate—
  - (a) the capital of the private party;
  - (b) the capital secured by the private party in the form of credit or loan, and especially in the form of loans, bonds, and securitization of future and existing receivables; and
  - (c) the necessary guarantees or assurances required for obtaining the capital or credits under paragraphs (a) and (b).
- (6) Any permit required for the financing or the design, construction, maintenance and operation of infrastructure or services under an agreement, as the case may be, shall be issued in the name of and for the account of the private party.

## Part III – Public private partnership processes

## 21. Project inception

- (1) Where a contracting authority identifies a project for implementation as a public private partnership, the contracting authority shall conduct a preliminary economic cost-benefit analysis of the project.

- (2) The preliminary economic cost-benefit analysis conducted under subsection (1) shall outline—
  - (a) the strategic objectives of implementing the project as a public private partnership;
  - (b) the projected cost of the project;
  - (c) the benefit of the project to the contracting authority;
  - (d) the rationale for the project;
  - (e) the projected policy outcomes of the project; and
  - (f) how the project is to be managed by the contracting authority.
- (3) Where a contracting authority confirms from the preliminary economic cost-benefit analysis that the project is suitable for implementation as a public private partnership, the accounting officer shall—
  - (a) register the project with the Unit, specifying the type of the project, the value or size of the project and any other information that is relevant to the project;
  - (b) inform the Unit of the expertise available within the contracting authority to execute the project and where the contracting authority does not have the expertise, appoint competent persons from outside the contracting authority; and
  - (c) where necessary, appoint a transaction advisor, to undertake the feasibility study, contract negotiations and the preparation of the contract.
- (4) A contracting authority shall before register a project under subsection (3) (a), appoint a project officer and establish a project team, for the project.

## 22. Feasibility study

- (1) Where a project is registered with the Unit as a public private partnership, the accounting officer shall undertake or cause to be undertaken a feasibility study, to assess whether the project is feasible as a public-private partnership.
- (2) The feasibility study shall—
  - (a) identify and define the function which the private party is to perform on behalf of the contracting authority;
  - (b) project the impact of performing the function by the private party, on the staff, assets, liabilities, and revenues of the contracting authority;
  - (c) assess the need of the contracting authority in relation to its function including the options available to the contracting authority to satisfy the need, and the advantages and disadvantages of each of the options identified;
  - (d) identify the comparative advantage of implementing the project as a public private partnership and explain the strategic and operational benefits of the project for the contracting authority, using the strategic objectives of the contracting authority;
  - (e) describe in specific terms—
    - (i) any envisaged future contingent liability;
    - (ii) the nature of the functions of the contracting authority, the specific functions to be performed by the private party under the project, and the expected inputs and outputs of the project;
    - (iii) where the project involves the transfer of the performance of a function of the contracting authority to the private party, the nature of the function to be transferred;

- (iv) the extent to which the function in paragraph (ii) may be legally and effectively performed by a private party;
    - (v) the most appropriate type of public private partnership which the contracting authority should use to implement the project; and
    - (vi) where the project involves the use of property of the contracting authority or of Government, a description of the property, the current use, if any, of the property and a description of the type of use that the private party may legally subject the property;
  - (f) demonstrate that the project shall—
    - (i) be affordable to the contracting authority;
    - (ii) appropriately transfer the financial, technical, and operational risks involved, to the private party; and
    - (iii) provide value for money for the contracting authority;
  - (g) indicate the capacity of the contracting authority to procure, manage, and monitor the project;
  - (h) assess the capacity of the private party to implement the project; and
  - (i) indicate any envisaged future contingent liability.
- (3) The assessment under subsection (2) (c) shall indicate the comparative projections of—
- (a) the full cost of the project, to the contracting authority, if the project is not carried out as a public private partnership; and
  - (b) the full cost of the project, to the contracting authority, if the project is carried out as a public private partnership.
- (4) The contracting authority shall submit a report of the feasibility study to the Committee for approval together with the documents to be used to procure the project, the evaluation criteria to be used and the draft agreement.
- (5) A contracting authority shall not procure a private party without the prior written approval of the feasibility study, by the Committee.
- (6) Where the approved feasibility study is revised, the contracting authority shall submit to the Committee, for approval, the revised feasibility study which shall state the justification for the revision, the impact of the revision on the affordability of the project, an evaluation of value for money and the risk transfer elements.

## **23. Procurement of public private partnerships**

- (1) The procurement of a private party of a public private partnership shall be by an invitation to tender issued by a contracting authority in accordance with the procurement methods and procedures prescribed in Part IV.
- (2) The minimum qualifications required of a bidder for a project shall be specified in the invitation to tender.
- (3) The procurement of a private party shall be fair, equitable, transparent, competitive, and cost-effective.
- (4) Where a project is to be financed by a contracting authority, the contracting authority shall, prior to procuring a private party, obtain written confirmation from the Minister that the financing required shall be available for the implementation of the project.
- (5) Where open bidding or restricted bidding procurement method is to be used, the contracting authority may, prior to issuing the bid documents, promote the project to the prospective bidders

using any method that does not limit competition, including direct marketing, road shows and investment promotion bulletins.

- (6) A bid submitted under this Act shall be evaluated using the criteria of the most economically advantageous, or the criteria of the lowest price, as may be prescribed by law.

## **24. Disqualification of bidders**

A contracting authority may disqualify a bidder from participating in a bidding process where the bidder or the representative of the bidder—

- (a) is convicted of a criminal offence punishable by imprisonment of at least three months;
- (b) is declared bankrupt, ordered into liquidation, or is in any other comparable state arising from a similar procedure, prescribed under the laws of Uganda or the laws of the country of origin of the bidder;
- (c) is convicted of an offence of professional misconduct under the laws of Uganda or the laws of the country of origin of the bidder;
- (d) does not fulfil the obligations relating to the payment of taxes as required by the laws of Uganda or the laws of the country of origin of the bidder;
- (e) does not fulfil the obligations relating to the payment of social security contributions as required by the laws of Uganda or the laws of the country of origin of the bidder;
- (f) makes misrepresentations in the information required for the purposes of this section or fails to provide the required information;
- (g) is disqualified by the Public Procurement and Disposal of Public Assets Authority; or
- (h) is disqualified in accordance with regulations made under this Act.

## **25. Evaluation of bids**

- (1) For the purposes of evaluating bids, the evaluation committee shall, using the prescribed procedure and the principles set out in [section 3](#), verify the economic and financial standing of a bidder, the ability of a bidder to secure credit, and the technical and professional capability of a bidder.
- (2) After the evaluation of the bids, the contracting authority shall submit a report of the evaluation to the Committee, and the report shall indicate—
  - (a) how the criteria of affordability, value for money and substantial technical, operational, and financial risk transfer were applied in the evaluation of the bids;
  - (b) how the criteria in paragraph (a) were satisfied in the preferred bid; and
  - (c) any other information as may be required by the Committee.

## **26. Public private partnership agreement**

- (1) The Cabinet shall prescribe the value of an agreement for which the approval of Cabinet is required before an agreement is signed by an Accounting Officer.
- (2) The Minister shall, by statutory instrument, publish the prescribed value.
- (3) Where an agreement is of a value for which the approval of Cabinet is required before it is signed by an Accounting Officer, the Accounting Officer shall not sign the agreement without the approval of Cabinet



- (4) An agreement shall be forwarded to Cabinet for approval where the Accounting Officer confirms that—
  - (a) the best evaluated bid meets the requirements of affordability, value for money and substantial technical, operational, and financial risk transfer;
  - (b) the contracting authority has put in place a management plan that explains the capacity, including the mechanisms and procedures of the contracting authority, to implement, manage, enforce, monitor, and report on the project effectively; and
  - (c) satisfactory due diligence has been carried out on the private party in relation to the competence and capacity of the private party to enter into the agreement.
- (5) A public private partnership agreement shall contain clear and detailed descriptions of the rights and obligations of the contracting authority and the private party.
- (6) An agreement shall among others provide for the following—
  - (a) the type of the public private partnership and the specifications of the infrastructure or service to be provided, the sum to be paid to the private party and how the amounts, if any, to be paid for the use of the infrastructure or provision of the service shall be shared by the contracting authority and the private party;
  - (b) the time schedule for the performance of the project, the conditions under which the schedule may be amended, the penalties and bonuses to be applied in the event of failure to comply with the time schedule or early completion, the duration of the agreement and the conditions under which the term of the project may be extended or abridged;
  - (c) the formal concession to the private party of the use or exploitation of the assets of the contracting authority or of Government, which are necessary for the implementation or operation of the infrastructure or provision of the service, and any payments which may be envisaged;
  - (d) the financing of the implementation of the project;
  - (e) approval by the contracting authority for the financing of the project by the private party, where necessary, and the procedure for amending that approval;
  - (f) the allocation of risk between the contracting authority and the private party and the consequences of events representing *force majeure*;
  - (g) the insurance policies for the project or for the private party;
  - (h) the protection of the environment;
  - (i) the protection of intellectual property rights;
  - (j) the mode of operation, maintenance and exploitation of the project and penalties for failure to meet performance standards;
  - (k) the amounts to be paid for the use of the infrastructure or service and the manner in which the payments are to be collected and where necessary, the reasons and methods for revision of the payments;
  - (l) where necessary, the method of allocating between the contracting authority and the private party the benefits that may accrue from a restructuring of the loan of the private party or after a specific percentage return on the capital of the private party is attained;
  - (m) the extent of the guarantees to be provided by the private party, for the proper implementation, operation, and maintenance of the infrastructure, or for the proper provision of the service;
  - (n) the substitution of the private party or the creditor by the contracting authority and the circumstances under which the substitution may be permitted;

- (o) the payment of compensation and the reparation of any loss or damage caused where the contracting authority or the private party violates its contractual obligations;
  - (p) the grounds for termination of the agreement and the consequences of this termination;
  - (q) the law to govern the agreement;
  - (r) the procedure for resolving disputes between the contracting authority and the private party;
  - (s) a detailed definition of the minimum operation and maintenance requirements;
  - (t) the procedures for the delivery of the project to the contracting authority at the end of the agreement period, specifications of the obligations for training and transfer of know-how from the private party to the contracting authority, the specifications applicable to the project on handover and the guarantees, as well as their duration, following the handover of the infrastructure or the service by the private party;
  - (u) provisions for the hygiene and safety of the employees and the users of the infrastructure or the service;
  - (v) the methods to be used for ensuring quality during the implementation and operation of the infrastructure or provision of the service;
  - (w) the methods to be used to monitor the performance and operation of the infrastructure or provision of the service;
  - (x) minimum capital of the private party and share transfer restrictions;
  - (y) rights of the private party to guarantee securities to creditors; and
  - (z) direct agreements and step in rights, where applicable.
- (6) The Minister may by regulations, specify the form in which a project agreement under this Act shall be drawn.
- (7) The agreement entered into by a contracting authority under this Act shall be subject to the provisions of the Laws of Uganda.
- (8) The agreement shall only be amended or varied with the approval of the Cabinet.
- (9) The Cabinet shall not approve an amendment, or variation to a project agreement under subsection (8) unless the variation or amendment is necessary for—
- (a) the project to continue to provide value for money;
  - (b) the project to continue to be affordable, where such amendment, variation or waiver has a financial implication;
  - (c) the continued transfer of appropriate risks to the private party;
  - (d) the continued provision of efficient and effective service to the public and
  - (e) the continued protection and preservation of the environment.
- (10) The Minister shall, within one month after signing the agreement, lay before Parliament, a copy of the agreement.
- (11) Any amendment or variation made under subsection (8) shall be laid before Parliament within one month of the amendment or variation.

## 27. Monitoring of public private partnerships

- (1) A contracting authority shall monitor a project to determine whether or not—
  - (a) the project complies with the conditions of the agreement;

- (b) remedial measures should be taken to correct any defaults;
  - (c) any penalties are imposed, where there are defaults;
  - (d) the tariffs and levies if any are charged, are as prescribed; and
  - (e) the private party complies with the instructions of the contracting authority.
- (2) The contracting authority shall prepare periodic reports and submit them to the Minister, and the Minister of the contracting authority.

## **28. Accounting and reporting**

- (1) A private party shall keep proper books of accounts and records in relation to the project which shall be open for scrutiny by the contracting authority.
- (2) The contracting authority shall cause the private party to prepare financial statements and an annual report within two months after the end of the financial year.
- (3) The Accountant General shall prescribe accounting and financial reporting rules to be adopted for public private partnerships.
- (4) The annual report and the audited financial statements in subsection (2) shall be submitted to the Minister within six months after the end of the financial year.

## **29. Establishment of a Project Development Facilitation Fund**

- (1) There is established a Fund to be known as the Project Development Facilitation Fund.
- (2) The Funds of the Project Development Facilitation Fund shall consist of—
- (a) moneys appropriated by Parliament;
  - (b) grants and donations;
  - (c) such levies or tariffs as may be imposed on a project; and
  - (d) any other source as may be authorized by the Minister.
- (3) The moneys received into the Fund shall only be applied to—
- (a) support contracting authorities in the preparation phase of a project, the procurement process and project appraisal;
  - (b) support the activities of the Unit; and
  - (c) provide a source of liquidity to meet any contingent liabilities arising from a project.

## **30. Audit**

- (1) The Auditor General or an auditor appointed by the Auditor General shall, in each financial year, in accordance with the National Audit Act, audit each public private partnership entered into by a contracting authority.
- (2) For the purposes of subsection (1), the Auditor General or an auditor appointed by the Auditor General shall audit a public private partnership from the inception stage to the conclusion of the project.
- (3) The Auditor General shall within nine months of the end of the Audit, report to Parliament.

## **Part IV – Public private partnership procurement rules and methods**

### **Competitive bidding methods**

#### **31. Open bidding**

- (1) Open bidding shall be a direct invitation to participation by all interested bidders and shall be by an invitation to tender or a call for expression of interest for the public private partnership, made in more than one newspaper of wide national circulation.
- (2) The procurement of a private party under the open bidding method shall be as may be prescribed by Regulations made under this Act.

#### **32. Restricted bidding**

- (1) Restricted bidding shall be used to obtain bids by direct invitation without open advertisement.
- (2) The procurement of a private party under the restricted bidding method shall be as may be prescribed by Regulations made under this Act.

### **Non competitive bidding methods**

#### **33. Direct procurement**

- (1) Direct procurement is a sole source procurement method used where the circumstances do not allow the use of competition.
- (2) The direct procurement method shall be used to achieve efficient and timely procurement, where the circumstances do not allow the use of a competitive method.
- (3) The procurement of a private party under the direct procurement method shall be approved by Cabinet and in accordance with Regulations made under this Act.

#### **34. Unsolicited proposals**

- (1) A contracting authority may accept an unsolicited proposal.
- (2) An unsolicited proposal is a proposal for a public private partnership that—
  - (a) is independently originated and developed by the proposer of the unsolicited proposal; and
  - (b) is prepared without the supervision of the contracting authority.
- (3) An unsolicited proposal shall indicate—
  - (a) the objective of the proposed project, the significance of the proposed project and how the proposed project may assist the contracting authority to achieve its objectives;
  - (b) a description of the proposed project in sufficient technical detail;
  - (c) a cost-benefit analysis of the proposed project, and
  - (d) an explanation as to why the unsolicited proposal merits special treatment outside the competitive bidding process.

- (4) An unsolicited proposal shall only be considered by a contracting authority—
  - (a) where—
    - (i) the project proposed satisfies the objectives of the National Development Plan; and
    - (ii) a feasibility study of the project as provided for in [section 22\(2\)](#) of this Act;
  - (b) where the infrastructure or service to be provided under the project involves an innovative design;
  - (c) where the infrastructure or service to be provided under the project involves an innovative approach to project development and management; or
  - (d) where the infrastructure or service to be provided under the project presents a new and cost-effective method of service delivery.
- (5) Where a contracting authority accepts an unsolicited proposal, the contracting authority shall evaluate the unsolicited proposal and assess—
  - (a) the unique, innovative, researched, or meritorious methods, approaches or concepts demonstrated in the unsolicited proposal;
  - (b) the overall scientific, technical, or socio-economic merit of the unsolicited proposal;
  - (c) the potential contribution of the unsolicited proposal to the strategic objectives of the contracting authority as specified in the development plan of the contracting authority;
  - (d) an assessment of whether the proposed cost of the project is realistic, affordable, and justified; and
  - (e) any other fact which, in the opinion of the contracting authority is relevant to the unsolicited proposal.
- (6) Where a contracting authority accepts an unsolicited proposal, the proposal shall be subjected to the competitive bidding procedure and shall be open to participation by all interested bidders.
- (7) For the purposes of subsection (6), the tender documents prepared shall indicate the method to be used to compensate for the proprietary interests of the proponent of an unsolicited proposal, where the proponent is not successful under the competitive bidding procedure.

### **Public private partnership procurement procedures**

#### **35. Competitive dialogue procedure**

- (1) A contracting authority shall use the competitive dialogue procedure, by simultaneously inviting the selected bidders to participate in the competitive dialogue, where—
  - (a) a project is complex;
  - (b) the competitive procedure and open bidding or restricted bidding procedures do not permit the awarding of a contract; or
  - (c) the contracting authority is not able to define objectively the technical means to use to determine whether the needs and objectives of the contracting authority will be satisfied by the project or to specify the legal or financial structure of the project.
- (2) The competitive dialogue procedure shall be used after the prequalification of bidders under the competitive procurement process.
- (3) Where the competitive dialogue procedure is to be used, the contracting authority shall notify the bidders about the competitive dialogue procedure, using the open bidding method.

- (4) The competitive dialogue procedure shall provide equality of treatment of the bidders including the information provided to them and shall not reveal to a bidder a solution proposed by another bidder or any confidential information communicated by a bidder without the consent of that bidder.
- (5) The competitive dialogue procedure may take place in successive phases in order to reduce the number of solutions examined during the dialogue phase.
- (6) During the competitive dialogue process, the contracting authority may discuss all aspects of the project with the selected bidders.
- (7) The contracting authority shall continue the competitive dialogue until a solution for the requirements of the contracting authority is found and the contracting authority may compare the solutions of the different bidders.
- (8) The competitive dialogue procedure shall be concluded when the contracting authority identifies the solution that best meets its needs.
- (9) Where a contracting authority identifies the solution that best meets its needs, the bidders shall be requested to submit their final bids on the basis of the solution identified.
- (10) The bids submitted under subsection (9) shall contain all the elements necessary for the implementation of the solution identified.
- (11) For the purposes of submitting final bids under subsection (9), the contracting authority may request the bidders to provide clarifications or additional information concerning their bids.
- (12) The clarifications or additional information provided shall not—
  - (a) make any change to the basic features of the bid;
  - (b) distort competition; or
  - (c) introduce a discriminatory effect against any bidder.
- (13) The contracting authority may request the bidder who submits the most economically advantageous tender to supply further clarifications or additional information in respect of the bid, using the conditions in subsection (12).
- (14) Where the accounting officer considers that the cost of participation in the competitive dialogue procedure will be high, the accounting officer may pay for a part of the expenses incurred by the bidders as shall be prescribed in the invitation to tender.
- (15) Where a contracting authority decides to use the competitive dialogue method, the contracting authority shall give reasons for this, to the Committee.

### **36. Negotiated procedure**

- (1) A contracting authority shall use the negotiated procedure—
  - (a) where the open bidding or restricted bidding methods and the competitive dialogue procedure are used, but where the bids submitted do not satisfy the requirements of this Act or where the terms of the proposed contract are not substantially altered from the terms proposed during the open bidding or restricted bidding methods, or competitive dialogue procedure;
  - (b) where the nature of the project or other non-definable factors of the project do not allow prior overall pricing;
  - (c) where the specifications of the service to be provided under a project cannot be determined with sufficient precision and as a result of which evaluation of the bids cannot be based on the selection of the best bid using the open bidding or restricted bidding methods; or

- (d) in respect of a project, where the design, construction, maintenance, or operation of the infrastructure of the project is exclusively for the purpose of research, testing or development and not for profitability or recovering research and development costs.
- (2) Under the negotiated procedure, a contracting authority shall negotiate with each bidder individually, in respect of the bid submitted by the bidder, to adapt the bid to the specifications of the invitation to tender and to achieve the best bid.
- (3) The negotiated procedure shall provide equality of treatment of the bidders including the information provided to them.
- (4) The negotiated procedure may take place in successive phases in order to reduce the number of bids examined during the negotiations.

## **Types of public private partnership agreements**

### **37. Choice of public private partnership agreements**

A contracting authority shall, taking into account risk allocation, financing, and operating methods, use any of the public private partnership agreements specified in [sections 38 to 45](#) or a combination of any of these, using the procedures in this Act and as may be prescribed by regulations.

### **38. Concession**

A concession is the lease of an asset of the contracting authority or Government to a private party for a long period of time where the risk of funding, developing, managing, and operating the asset is transferred to the private party.

### **39. Operation and maintenance agreement**

An operation and maintenance agreement shall be used where a private party is to operate and maintain a property of the contracting authority in accordance with an agreement made under this Act.

### **40. Lease, develop and operate agreement**

A lease, develop and operate agreement shall be used where a private party is to be given a long-term lease to operate and expand an existing infrastructure and where the private party is to invest in the operation and expansion of the infrastructure and to recover the cost of the investment over the duration of the lease period.

### **41. Build, own and maintain agreement**

A build, own and maintain agreement shall be used where a private party is to build, own and maintain an infrastructure, such as a school or a hospital, and the contracting authority is to lease that infrastructure, from the private party.

### **42. Build, own, operate and transfer agreement**

A build, own, operate and transfer agreement shall be used where a private party is to finance, build, own and operate an infrastructure for a specified period and to transfer the infrastructure to the contracting authority at the end of that period.

### **43. Design, build, finance and operate agreement**

A design, build, finance and operate agreement shall be used where a private party is to design, build, finance and operate an infrastructure for a specified period and to transfer the infrastructure to the contracting authority at the end of that period.

**44. Build, own, and operate agreement**

A build, own and operate agreement shall be used where the private party is to own the project in perpetuity.

**45. Other public private partnership agreements**

The Minister may by statutory instrument, prescribe any other type of public private partnership agreement to be used for a project.

**Part V – Miscellaneous****46. Interference with work of officials**

A person who interferes with the work of, or exerts undue influence on, an official of a contracting authority or of the Unit, in the performance of his or her duties, commits an offence and is, on conviction liable to a fine not exceeding two hundred and fifty currency points or imprisonment not exceeding five years or both.

**47. Confidentiality**

- (1) A contracting authority shall, upon written request by any person, disclose information regarding a public private partnership.
- (2) Notwithstanding subsection (1) information shall not be disclosed where—
  - (a) the disclosure is likely to prejudice the security or sovereignty of the State;
  - (b) the disclosure interferes with the right to privacy of any person;
  - (c) the disclosure would amount to a breach of the law, impede law enforcement or would not be in public interest; or
  - (d) the information contains—
    - (i) proprietary information including information relating to any manufacturing process, trade secret, trademark, copyright, patent, or formula protected by law or by international treaty to which Uganda is a party;
    - (ii) scientific or technical information, the disclosure of which is likely to cause harm to the interests of the proper functioning of the contracting authority; and
    - (iii) information supplied in confidence by a bidder, the disclosure of which could reasonably be expected to put that bidder at a disadvantage in contractual commercial negotiations or to prejudice the bidder in commercial competition.
- (3) Subject to subsection (2), all public private partnerships agreements shall be published on the website of the Ministry.
- (4) An official of a contracting authority or of the Unit or a member of the project team or the evaluation committee who contravenes the provisions of subsection (2) commits an offence and is liable on conviction, to a fine not exceeding two hundred currency points or imprisonment not exceeding two years or both.

**48. Disclosure of interest**

- (1) An official of a contracting authority or of the Unit, or a person appointed under [section 13\(1\) \(b\)](#) who has a pecuniary interest, direct or indirect, in a project, shall disclose the interest and where



a decision to that effect is made, shall not take part in the procurement of the project or after the agreement is signed, take part in making any decision relating to the project.

- (2) An official of a contracting authority or of the Unit, or a person appointed under [section 13\(1\) \(b\)](#) shall be taken to have pecuniary interest in a project where—
  - (a) he or she is a member of the private party or is a holder of a debenture in the private party; or
  - (b) he or she is a partner of the private party or is in the employment of the private party.
- (3) In this section, "pecuniary interest" of an official of a contracting authority or of the Unit, or a person appointed under [section 13\(1\) \(b\)](#), includes the pecuniary interest of a spouse, a biological or adopted child or a business associate of which the official or member has knowledge or would have knowledge of, if he or she exercised due diligence, having regard to all the circumstances.
- (4) A person who contravenes subsection (1) commits an offence and is, on conviction liable to a fine not exceeding two hundred and fifty currency points or imprisonment not exceeding five years or both.

#### **49. Dispute resolution**

- (1) Any disputes between a contracting authority and the private party shall be settled through the dispute settlement mechanisms agreed upon by the parties in the public private partnership agreement or in accordance with the Arbitration and Conciliation Act.
- (2) A contracting authority shall require the private party to establish efficient mechanisms for handling claims submitted by its customers or users of the public private partnership project where the private party provides services to the public or operates infrastructure which is accessible to the public.

#### **50. Amendment of Schedule**

The Minister may, by statutory instrument, with the approval of Cabinet, amend the Schedule to this Act.

#### **51. Regulations**

- (1) The Minister may, by statutory instrument, make regulations for giving full effect to this Act.
- (2) Without prejudice to the general effect of subsection (1), the Minister may make regulations for—
  - (a) the procedure for project inception and feasibility studies;
  - (b) the evaluation of bids;
  - (c) the bidding methods and procedures;
  - (d) the negotiation procedures;
  - (e) the monitoring of public private partnership; and
  - (f) the bidding documents and forms to be used by the contracting authorities.
- (3) Regulations made under this section may impose in respect of a contravention of the regulations as penalty a fine not exceeding two hundred and fifty currency points or imprisonment not exceeding five years or both.

**52. Amendment of the Public Procurement and Disposal of Public Assets Act, 2003**

Section 88L of the Public Procurement and Disposal of Public Assets Act, 2003, is amended by—

(a) substituting for subsection (1), the following—

"(1) For any other type of contract or contracting arrangement, other than those specified in sections 88C to 88K, including acquisition by rental, lease, hire purchase, license, tenancy and franchise, a procuring and disposing entity shall seek guidance from the Authority on the applicable procurement procedures and documents.", and

(b) repealing subsection (2).

**Schedule****Currency point**

One currency point is equivalent to twenty thousand shillings.